

**City of Reading
City Council
Work Session
Monday, December 20, 2010**

Councilors Attending: J. Waltman, D. Sterner, F. Acosta, D. Reed, M. Marmarou, M. Goodman-Hinnershitz

Others Attending: L. Kelleher, C. Younger, C. Geffken, F. Denbowski, D. Kaplan, G. Mann

Mr. Waltman, Vice-President of Council called the work session to order at 7:01 pm.

Managing Director's Report

Mr. Geffken read the report distributed to Council at the meeting covering the following:

- Update on the Citizens Services Center, noting that City Hall will be closed to the public on Monday, January 3 in the morning for Citizens Services Center training.
- Review of the Reading Public Library's capital needs and repairs.

Council Staff Report

Mr. Waltman inquired if anyone had questions on the report attached to the agenda.

Ms. Reed thanked Ms. Kelleher and Council Staff for their hard work throughout the year and their support of various initiatives, including the Blighted Property Review Committee.

African American Museum Update

Mr. Terrell, Mr. Olsen and Mr. Gilyard gave a power point presentation on the African American Museum, located at 119 North 10th Street and its collection. They stated that a \$250K grant from Congressman Gerlach assisted with renovations of the second floor and archiving of the collection. The museum begins with the arrival of slaves in North America to current prominent African Americans from the Reading area. They also noted their plan to continue to expand the museum and announced that the official grand opening will be in April 2011.

Mr. Nagle and Mr. McMahon arrived.

Mr. Sterner thanked the group for the update and inquired about their intent to purchase additional properties located to the south of the Church. Mr. Gilyard stated that the group is being assisted through the County ADD (Acquisition, Disposition and Demolition) program and working for additional State grants between \$500K and \$3M.

Ms. Goodman-Hinnershitz commended the group for their work to display this collection of materials that captures a bitter part of American History.

Mr. Acosta inquired if the group knew of other Berks County locations used to protect slaves. Mr. Gilyard stated that several such areas exist.

PFM Financial Policies

Mr. Mann, Mr. Kaplan and Mr. Nagle distributed a document providing the context of the draft policies attached to the agenda. They stated that the policies are intended to provide Administrative flexibility and accountability. The policies also cover the handling of surplus funds and windfall revenues in addition to the following:

- developing a structurally balanced budget
- guidelines for fund transfers and borrowing

Ms. Reed inquired if a conflict will be created between the Elected Auditor and the recently retained Controller. Mr. Kaplan stated that no conflict will exist as the Controller will function more like a Deputy Finance Director. He stated that the Charter places the Elected Auditor and the financial watch-dog.

Mr. Acosta stated that the elected Auditor could oversee the Administration's compliance with the financial policies. Mr. Mann agreed and noted that the Auditor could greatly improve his bimonthly reporting by beginning to comply with the Charter.

Ms. Goodman-Hinnershitz expressed the belief that the Charter defined role of the Auditor may need adjustment through a referendum question in the future.

Mr. Waltman suggested that the policies include some type of monetary threshold for certain transactions that would require Council approval and provide solid checks and balances. He also noted that the existing policies that were enacted by ordinance are virtually ignored by the Administration. He questioned the Administration's willingness to comply with these draft policies.

Ms. Goodman-Hinnershitz stated that the Elected Auditor will report on the Administration's compliance in the bimonthly Auditor's reports.

There was next a discussion of the difference between the Elected Auditor and the Controller.

Ms. Kelleher suggested comparing the draft policies against the policies enacted by City Council. Mr. Mann agreed and asked Council to advise him of any conflicts between the policies currently in place and the new draft policies.

Mr. Waltman stressed the need for PFM to help the Administration and City Council find balance. Mr. Acosta agreed adding the need for improved communication between the two branches of government.

PILOT (Payment in Lieu of Taxes)

Mr. Denbowski distributed information on tax exempt properties in Reading. He stated that there are a total of 984 tax exempt properties in Reading and 30.7% of those properties are governmental buildings with an assessed value of \$652M. He described the five (5) part test a not for profit organization must meet before being approved for tax exempt status, under the State Constitution.

Ms. Goodman-Hinnershitz noted litigation in 1994 between a local not for profit and the County Board of Assessments that resulted in a settlement agreement. Ms. Kelleher suggested that the Administration carefully review that settlement agreement, as the Board of Assessments does not apply that five (5) part test. She stated that she attended some hearings before the Assessment Board with Attorney John Bradley a few years ago and was shocked to see the ease an organization has in obtaining tax exempt status. She added that tax exemption is provided to organizations before they obtain zoning permits to operate in a building; therefore, the organization can obtain tax exempt status without ever having a zoning permit to operate in a City building.

Mr. Waltman noted the need to develop a strategy that will stop the bleeding by slowing the growth of not for profits within the City limits. Mr. Acosta agreed

Ms. Goodman-Hinnershitz stated that the largest component of not for profit organizations is comprised of governmental and educational facilities. She expressed the belief that the amount of not for profits needs equates to the population of the community. Mr. Denbowski agreed noting that the County Seat generally has a larger number of not for profits.

Mr. Denbowski noted the need for a plan that will require not for profits to make a PILOT or SILOT (Services in Lieu of Taxes) as these organizations use many City services paid for primarily by the City's taxpayers.

Ms. Reed suggested requesting contributions for specific services to avoid a general contribution that will fall into the City's General Fund.

Mr. Waltman noted that the PILOT program is another issue that requires more stringent management by the Administration.

Housing & Economic Development Update

Mr. Kromer stated the draft plans for the Housing and Economic Development Strategies have been developed in outline form. Public Meetings to obtain input on these draft strategies will occur in January. Copies of the outlines were distributed. He noted the effect the bursting of the housing bubble has had on the City's housing stock and suggested that the City actively purchase properties at tax and sheriff sales so the City can better control the future use of the properties and the neighborhoods they are located in.

Mr. Kromer noted the success and strength of the Blighted Property Review model used in Reading. He stated that this is one of the best and well run models in place in Pennsylvania.

Mr. Kromer noted the need to stress preservation and rehabilitation of the housing stock along with the disparity between owner-occupied and rental properties. He also suggested stronger and improved housing counseling for owner-occupied and rental properties. He suggested that the City place focus on the area between Spring Street and Franklin Street-North Front Street to North 4th Street as this area is adjacent to many city features and some strong neighborhood areas.

Mr. Kromer explained that the economic development strategy will build on what is currently in place. He stated that nation-wide the industrial marketplace is beginning to rebound. He suggested strong and aggressive marketing for industrial sites that are currently available. He also suggested consolidating and marketing the City's excessive office spaces, along with improved signage and streetscapes.

Mr. Kromer suggested making the Rockland Street area adjacent to the College Heights Community Council area an economic development site that will improve retail and restaurant uses in this area.

Mr. Kromer expressed the belief that the Housing Czar, the new CD Deputy Director, should focus on the City\County business sector and provide "walk through" assistance for all development aspects at the executive level.

Ms. Reed noted the need for improved retail to serve residential needs as well as improved retail in the downtown that can support the professional community working downtown during the work week. Ms. Goodman-Hinnershitz agreed with the need for retail to both serve the working community and draw people back to the downtown.

As no further business was brought forward, the work session adjourned at approximately 9:01 p.m.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk